



**ARIZONA STATE SENATE**  
*Fifty-Fourth Legislature, Second Regular Session*

FACT SHEET FOR S.B. 1694

unemployment compensation; coronavirus disease

Purpose

An emergency measure, retroactive to March 11, 2020, that allows the Department of Economic Security (DES) to implement alternative unemployment insurance benefit eligibility and employer contribution requirements consistent with federal guidance for individuals and employers affected by a declaration of emergency related to the coronavirus disease 2019 (COVID-19).

Background

Arizona's Unemployment Insurance (UI) Program is administered by DES for the benefit of persons unemployed through no fault of their own. When an employee is eligible for benefits, the state pays those benefits out of the UI Trust Fund, funded from Arizona's unemployment tax paid by employers. Employers also pay the federal unemployment tax, known as FUTA, which is collected by the federal government and is used to administer the program at the federal and state levels ([A.R.S. Title 23, Chapter 4](#)).

In order to be eligible for UI benefits under federal law, an individual must be able and available to work and must actively seek work ([42 U.S.C. § 503](#)). Arizona employment security law further prescribes UI benefit eligibility, including requirements relating to efforts to obtain work, an unemployment waiting period and when an individual is deemed to be *unemployed* (A.R.S. §§ [23-621](#) and [23-771](#)).

On March 11, Governor Ducey issued a [Declaration of Emergency](#) and an [Executive Order](#) to provide health officials and administrators with tools and guidance necessary to combat the continued spread of COVID-19.

On March 12, 2020, the U.S. Department of Labor issued UI Program Letter 10-20 (UIPL 10-20) to provide guidance to states regarding unemployment compensation flexibilities related to COVID-19. According to IPL 10-20, the federal framework gives states significant flexibility to determine standards for able, available and work search requirements ([UIPL 10-20](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Allows, regardless of Arizona employment security law, DES to implement alternative benefit eligibility and employer contribution requirements that are consistent with IPL 10-20 for the federal-state unemployment insurance program for individuals and employers affected by a declaration of emergency related to COVID-19.

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2. Allows DES to adopt rules necessary to administer alternative benefit eligibility and employer contribution requirements and exempts DES from rulemaking requirements for the purposes of implementation.
3. Contains a legislative intent clause.
4. Becomes effective on signature of the Governor, retroactive to March 11, 2020, if the emergency clause is enacted.

Prepared by Senate Research

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